

PROKIDS
ANNUAL REPORT
DECEMBER 31, 2020

PROKIDS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
ProKids

We have audited the accompanying financial statements of ProKids (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ProKids as of December 31, 2020, and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Soper, Soper & Weinel LLP

Cincinnati, Ohio

August 29, 2021

PROKIDS

STATEMENTS OF FINANCIAL POSITION

At December 31,

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 516,199	\$ 399,973
Accounts Receivable	1,910	1,910
Prepaid Expenses	11,412	8,539
Unconditional Promises to Give	3,754,848	2,626,671
Software, Furniture and Equipment	56,754	55,879
Long-term Investments	10,127,816	7,929,380
Beneficial Interest in Greater Cincinnati Foundation	11,142	11,238
Deposit - Rent	1,283	1,283
- Other	320	320
TOTAL ASSETS	<u>14,481,684</u>	<u>11,035,193</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	50,705	50,345
PPP Loan	426,700	0
Vacation Accrual	<u>191,702</u>	<u>158,473</u>
Total Current Liabilities	<u>669,107</u>	<u>208,818</u>
Net Assets		
Without Donor Restrictions	8,487,114	7,053,505
With Donor Restrictions	<u>5,325,463</u>	<u>3,772,870</u>
Total Net Assets	<u>13,812,577</u>	<u>10,826,375</u>
TOTAL LIABILITIES AND NET ASSETS	<u>14,481,684</u>	<u>11,035,193</u>

The accompanying notes are an integral part of these financial statements.

PROKIDS

STATEMENTS OF ACTIVITIES

December 31, 2020
(With Comparative Totals as of December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions, Grants and Fundraising	\$ 2,217,059	\$ 334,104	\$ 2,551,163	\$ 1,877,544
Donated Services	992,480	-	992,480	957,917
Government Grants	319,992	-	319,992	331,565
United Way & Community Chest	-	80,800	80,800	80,800
Investment Return, net	682,041	136,913	818,954	1,243,652
Run for Kids, Net of Expenses Totaling \$0	-	-	-	7,970
Friends of Children Society, Net of Expenses Totaling \$10,285	917,694	1,128,176	2,045,870	2,004,258
Other	17,811	-	17,811	17,690
Net Assets Released from Restrictions: Satisfaction of Purpose and Time	<u>127,304</u>	<u>(127,304)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>5,274,381</u>	<u>1,552,689</u>	<u>6,827,070</u>	<u>6,521,396</u>
EXPENSES AND LOSSES				
Victims of Crime Act (VOCA)	312,023	-	312,023	272,949
Operating	2,687,259	-	2,687,259	2,604,137
Management and General	387,428	-	387,428	249,701
Fund Raising	<u>454,062</u>	<u>-</u>	<u>454,062</u>	<u>411,914</u>
Total Expenses	3,840,772	-	3,840,772	3,543,975
Unrealized (Loss) Gain in Beneficial Interest in Greater Cincinnati Foundation	<u>-</u>	<u>(96)</u>	<u>(96)</u>	<u>87</u>
Change in Net Assets	1,433,609	1,552,593	2,986,202	2,977,508
Net Assets at Beginning of Year	<u>7,053,505</u>	<u>3,772,870</u>	<u>10,826,375</u>	<u>7,848,867</u>
Net Assets at End of Year	<u>8,487,114</u>	<u>5,325,463</u>	<u>13,812,577</u>	<u>10,826,375</u>

The accompanying notes are an integral part of these financial statements.

PROKIDS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31,

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,986,202	\$ 2,977,508
Depreciation	15,260	10,827
Unrealized Loss (Gain) on Beneficial Interest in GCF	96	(87)
(Increase) in Unconditional Promises to Give	(1,128,177)	(834,061)
(Increase) in Prepaid Expenses	(2,873)	(610)
Decrease in Deposits	0	260
Increase in Accounts Payable and Accrued Expenses	360	21,607
(Decrease) in Deferred Revenue	0	0
Increase in Vacation Accrual	<u>33,229</u>	<u>20,790</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,904,097</u>	<u>2,196,234</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase) of Investment Costs	(2,198,436)	(2,072,732)
Purchase of Property and Equipment	<u>(16,135)</u>	<u>(43,272)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(2,214,571)</u>	<u>(2,116,004)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
PPP Loan	<u>426,700</u>	<u>0</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	116,226	80,230
BEGINNING CASH AND CASH EQUIVALENTS	<u>399,973</u>	<u>319,743</u>
ENDING CASH AND CASH EQUIVALENTS	<u>516,199</u>	<u>399,973</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
IN-KIND CONTRIBUTIONS:		
Stock	<u>59,056</u>	<u>130,680</u>
TOTAL NON-CASH INVESTING AND FINANCING ACTIVITIES	<u>59,056</u>	<u>130,680</u>

The accompanying notes are an integral part of these financial statements.

PROKIDS

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

(With Summarized Financial Information for the Year Ended December 31, 2019)

	PROGRAM SERVICES			SUPPORT SERVICES			2020 TOTAL	2019 TOTAL
	VOCA	OPERATING	TOTAL PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL SUPPORT SERVICES		
Bank Fees	\$ -	\$ 12,839	\$ 12,839	\$ -	\$ -	\$ -	\$ 12,839	\$ 14,114
Client Needs	-	19,818	19,818	-	-	-	19,818	8,583
Computer Expenses	-	8,975	8,975	-	-	-	8,975	1,567
Contract Services	-	-	-	-	-	-	-	4,853
Depreciation	-	10,554	10,554	2,164	2,542	4,706	15,260	10,827
Donated Services	-	984,680	984,680	7,800	-	7,800	992,480	952,643
Dues, Subscriptions and Fees	-	9,510	9,510	-	-	-	9,510	8,650
Employee Expense	-	435	435	-	-	-	435	810
Fund Raising Expenses	-	-	-	-	10,778	10,778	10,778	5,670
Insurance – General	-	5,044	5,044	1,034	1,215	2,249	7,293	6,640
Insurance – Health	27,283	146,241	173,524	35,579	41,799	77,378	250,902	215,108
Marketing	-	74,884	74,884	-	-	-	74,884	10,291
Miscellaneous	-	821	821	-	-	-	821	1,700
Outside Payroll Services	-	3,820	3,820	783	920	1,703	5,523	3,950
Payroll Taxes	17,805	95,443	113,248	23,220	27,280	50,500	163,748	146,399
PKYP Expense	-	-	-	-	-	-	-	5,155
Postage	-	4,830	4,830	-	-	-	4,830	2,460
Printing and Publication	-	3,280	3,280	-	7,860	7,860	11,140	14,738
Professional Services	-	7,202	7,202	9,000	-	9,000	16,202	10,508
Rent	11,951	11,079	23,030	4,722	5,548	10,270	33,300	33,300
Repairs and Maintenance	-	11,490	11,490	2,356	2,768	5,124	16,614	20,426
Salaries	229,999	1,232,812	1,462,811	299,930	352,366	652,296	2,115,107	1,887,133
Security	-	365	365	75	88	163	528	568
Staff Education Expense	-	6,849	6,849	-	-	-	6,849	13,835
Staff Mileage and Travel	4,058	9,867	13,925	-	-	-	13,925	29,446
Supplies	-	12,063	12,063	-	-	-	12,063	8,189
Technology	-	16,866	16,866	-	-	-	16,866	16,478
Telephone	8,315	2,676	10,991	2,254	2,647	4,901	15,892	15,132
Utilities	-	5,332	5,332	1,093	1,284	2,377	7,709	10,788
Virtual Academy	-	-	-	-	-	-	-	1,892
Volunteer Expenses	14,592	96	14,688	-	-	-	14,688	72,084
Workers' Compensation	(1,980)	(10,612)	(12,592)	(2,582)	(3,033)	(5,615)	(18,207)	4,764
TOTAL	<u>312,023</u>	<u>2,687,259</u>	<u>2,999,282</u>	<u>387,428</u>	<u>454,062</u>	<u>841,490</u>	<u>3,840,772</u>	<u>3,538,701</u>

The accompanying notes are an integral part of these financial statements.

PROKIDS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Activities and Significant Accounting Policies:

Nature of Activities

ProKids recruits, trains and supervises volunteers, CASA-Court Appointed Special Advocates, who advocate on behalf of children who have been abused and neglected in Hamilton County, Ohio.

Summary of Significant Accounting Policies:

Basis of Presentation

Resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

Net assets without donor restrictions: The portion of net assets of ProKids that can be used subject only to the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its articles of incorporation or bylaws. ProKids has the greatest ability to choose when using these resources.

Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions, and income from investing excess operating cash, reduced by expenses incurred in providing services, raising contributions, and performing administrative functions.

Net assets with donor restrictions: The portion of net assets of ProKids that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit ProKids choices when using these resources because of a fiduciary responsibility to its donors to follow the donor's instructions.

Net assets with donor restrictions generally result from donor-restricted contributions and from the investment return generated by the donor-restricted endowment.

The net asset classification of donor-restricted endowment funds is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2016 (UPMIFA). As a result, the investment return from donor-restricted endowment funds is classified as net assets with donor restrictions until appropriated for expenditure.

Basis of Accounting

The financial statements of ProKids have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

The organization considers all unrestricted highly liquid investments to be cash equivalents and all certificates of deposit to be cash equivalents. At various times during the year, the organization's cash deposits exceeded the federally insured limits. The organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Statement of Financial Accounting Standards No. 116 requires that contributed revenue be measured at fair value.

Investments

Investments are reported at fair value.

Fair Value Measurements

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Assets and liabilities that are required to be recorded at fair value in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are the assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market that ProKids has the ability to access. As of December 31, 2020, these assets included listed equity mutual funds, bond mutual funds, and exchange traded funds.

Level 2. These are the assets and liabilities with inputs (other than directly quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly. As of December 31, 2020, there are no Level 2 assets or liabilities.

Level 3. These are assets and liabilities where inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of December 31, 2020, there are no Level 3 assets or liabilities.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Donated Securities and Investments

Donated securities and other investments are valued at their fair value at the date of donation. Donated securities are sold nearly immediately and are reported as operating cash flows in the statement of cash flows unless the donor restricted the use of the gift to financing a long-term purpose such as creating an endowment or purchasing property and equipment.

Property and Equipment

Property and equipment is stated at cost or, if donated, at fair value when received. The organization capitalizes property and equipment valued in excess of \$1500. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Software	3 years
Equipment and Computers	5 years
Furniture and Fixtures	7 years

Total depreciation expense was \$15,260, and \$10,827, for fiscal years 2020, and 2019; respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PROKIDS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Donated Services

In-kind contributions of services used in the organization's programs are recorded as income and expense at the estimated fair value of those items. Donated services are not recorded if no objective basis is available to measure the value received by the organization.

A substantial number of volunteers have contributed significant amounts of their time to the organization's programs and management. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

ProKids is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, ProKids has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2020. The organization's federal exempt organization tax returns are subject to examination by the Internal Revenue Service generally for three years after they are filed.

Contributions

Contributions are recorded when received as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction accomplished), donor restricted net assets are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are not in the same period as the contribution are reported as unrestricted support.

Advertising

The organization expenses advertising as incurred.

Note 2 – United Way

Effective January 1, 1987, ProKids became an agency of *United Way*. For the calendar year ended December 31, 2020, ProKids had revenue totaling \$80,800.

Note 3 – Leases

ProKids leases office space from the Mayerson Foundation at 2605 Burnet Avenue, Cincinnati, Ohio. The third amendment to lease extends the lease to October 31, 2020. The Organization is now under a month-to-month lease.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 4 – Property and Equipment

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Software	\$ 12,345	\$ 12,345
Furniture	34,418	34,418
Equipment	<u>155,136</u>	<u>140,240</u>
TOTAL COSTS	201,899	187,003
Less: Accumulated Depreciation	<u>145,145</u>	<u>131,124</u>
NET FIXED ASSETS	<u>56,754</u>	<u>55,879</u>

Note 5 – Beneficial Interest in Perpetual Trust – Greater Cincinnati Foundation

The organization is the beneficiary of the ProKids Tuition Fund of the Greater Cincinnati Foundation. Application of SFAS No. 136, Transfers of Assets to a Not-For-Profit organization of Charitable Trust that Raises or Holds Contributions for Others, requires that the trust assets, which are not in the possession of the organization be recorded in the statements of financial position as net asset with donor restriction and as an interest in the Greater Cincinnati Foundation based on the fair market value of the trust. Net realized and unrealized gains (losses) related to the organization's beneficial interest are reported as changes in net assets with donor restrictions. Distributions from the Fund are to be used for the granting of partial or full scholarships to persons in need of financial help to begin or continue their education at the high school level. No distributions were made in 2020 and 2019.

Note 6 – Donated Services

The value of donated services included as contributions in the financial statements and the corresponding expenses for the year ended December 31, 2020 are as follows:

	<u>Program</u>	<u>Support</u>
Parking	\$ 19,200	\$ -
Tote Bags	875	-
Advertising	22,880	-
Printing	725	-
Volunteer Services	938,570	-
Website Design and Hosting	2,430	-
Accounting Services	<u>-</u>	<u>7,800</u>
TOTAL	<u>984,680</u>	<u>7,800</u>

Note 6 – Donated Services – continued

Program volunteer hours have been recorded in the financial statements as it has been determined that the FASB Criteria for financial forms has been met. CASA volunteer hours and other direct service hours of 36,850 were provided in 2020. The estimated value of volunteer time is \$25.47 per hour (per www.independentsector.org).

Note 7 – Retirement Plan

The organization maintains a 403(b) Plan for the benefit of eligible employees. Participants may contribute a portion of their compensation, up to 15%, to the plan. Contributions are made by the organization at the discretion of management. No discretionary contributions were made by the organization during the year.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8 – Investments

The cost and fair value of the organization’s investments are summarized as follows:

	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
Money Market	\$ 64,282	\$ 64,282	\$ 0
Exchange Traded Funds	2,675,030	3,723,618	1,048,588
Mutual Funds	5,922,595	6,297,390	374,795
Equity Securities	<u>34,158</u>	<u>42,526</u>	<u>8,368</u>
TOTALS	<u>8,696,065</u>	<u>10,127,816</u>	<u>1,431,751</u>

Note 9 – Prepaid Expenses

As of December 31, prepaid expenses were composed of:

	<u>2020</u>	<u>2019</u>
General Insurance	\$ 530	\$ 530
Service Contracts	7,673	7,814
Rent	<u>3,209</u>	<u>195</u>
TOTAL	<u>11,412</u>	<u>8,539</u>

Note 10 – Promises to Give

Unconditional Promises to Give consist of the following:

	<u>2020</u>	<u>2019</u>
Friends of Children Society	\$ 3,674,048	\$ 2,545,871
United Way	<u>80,800</u>	<u>80,800</u>
TOTAL	<u>3,754,848</u>	<u>2,626,671</u>
Amounts Due in:		
Less Than one Year	\$ 780,736	405,679
One to Five Years	2,599,344	1,818,302
More than Five Years	<u>374,768</u>	<u>402,690</u>
TOTAL	<u>3,754,848</u>	<u>2,626,671</u>

The present value of cash flows from recorded Friends of Children Society is discounted for 98.96% expected collectability and using a 3.620% rate of interest. Without discounting, the stated value of recorded promises to give is \$3,952,556, and \$3,174,968 for fiscal years 2020, and 2019, respectively.

Although donor designations to the United Way may vary, differences between the amounts allocated and collected from United Way have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

PROKIDS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11 – Liquidity and Availability of Financial Assets

ProKids monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. ProKids has the following assets that could be readily made available within one year of the balance sheet to fund expenses without limitations:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 516,199	\$ 399,973
Accounts Receivable	1,910	1,910
Unconditional Promises to Give	780,736	405,679
Investments: Operating	<u>8,568,342</u>	<u>6,302,677</u>
	<u>9,867,187</u>	<u>7,110,239</u>

Note 12 – Investment Return

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>
Realized and Unrealized (Loss) on investments	\$ 606,254	\$ 120,465
Interest and dividends	103,075	21,421
Investment fees	<u>(27,288)</u>	<u>(4,973)</u>
	<u>682,041</u>	<u>136,913</u>

Note 13 - Subsequent Events

ProKids evaluated subsequent events through August 29, 2021, the date the financial statements were available to be issued, and noted no material subsequent events had occurred through this date warranting revision to or additional disclosure in the financial statements.

Note 14 – Paycheck Protection Program Loan

The Organization qualified for and received a loan pursuant to the Paycheck Protection Program (the “Program”) a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security’s Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of \$426,700 (the “PPP Loans”). The PPP Loans bear interest at a fixed rate of 1.00% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal of the PPP Loan is subject to forgiveness under the Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Program. The Organization intends to apply for forgiveness of the PPP Loans with respect to these covered expenses.

Note 15 – Covid-19 Pandemic

On March 11, 2020 the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on the Organization’s business and financial results will depend on future developments.